GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:1999
ANSWERED ON:28.07.2016
Foreign Ownership of Domestic Airlines
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Will the Minister of CIVIL AVIATION be pleased to state:

(a) whetehr airlines with a majority of foreign ownership would not be allowed to fly on international routes, if so, the details thereof;

(b) whether the bilateral air traffic agreements that India has signed with most of the countries have Substantial Ownership and Effective Control (SOEC) clause which may not permit the airlines with majority of foreign ownership to fly abroad from the country;

(c) if so, the details thereof and its likely impact on Foreign Direct Investment (FDI) in aviation sector and number of countries with which India has signed bilateral air traffic agreement;

(d) whether the Government has held discussions with Department of Industrial Policy and Promotion (DIPP) in order to clear confusion on FDI and SOEC and if so, the details thereof and the circular to this effect issued by DIPP;

(e) whether the Government proposes to amend the rules related to SOEC and if so, the time by which a final decision is likely to be taken in this regard;

(f) whether Air-Asia is being micromanaged by its Malaysian partner in contravention of rule provisions, if so, the details thereof; and

(g) whether any monitoring body is functional to oversee the foreign companies who have invested in civil aviation sector under the new policy and if so, the details thereof?

Answer

Minister of State in the Ministry of CIVIL AVIATION

(Shri Jayant Sinha)

(a) No such decision has been taken by the Government.

(b) The existing Air Services Agreements are based on SOEC clause.

(c) India has signed bilateral Air Services Agreement with 109 countries. It provides that Substantial Ownership and Effective Control (SOEC) of the airline is vested with the nationals of the country. However, it is too early to assess its impact on FDI as the Policy has been just announced.

(d) & (e) A meeting between Department of Industrial Policy and Promotion(DIPP) and Ministry of Civil Avition"s officials was held on 06th July, 2016, inter-alia to discuss about the amendments/modifications in the existing rules and regulations that are required to be made in the light of the new FDI policy announced by the Government for civil aviation sector. No circular has been issued by DIPP in this regard subsequent to the said meeting. The objective is to align the rules and regulations of Civil Aviation Sector with the FDI policy of the Government.

(f) No such evidence has come to the knowledge of the Government.

(g) No need has been felt for any separate monitoring body.